

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1089 – HB 1518**

March 12, 2009

**SUMMARY OF BILL:** Establishes the Electric G & T (Generation and Transmission) Cooperative Act. Authorizes creation of non-profit corporations for the express purpose of owning and operating electric generation plants and providing power and energy services to patrons and members of the cooperative. Any plants and facilities constructed are exempt from ad valorem property taxes for four years.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – Exceeds \$1,000,000/Permissive**

**Increase Local Expenditures – Exceeds \$1,000,000/Permissive**

Assumptions:

- Local governmental electric systems may choose to participate in creating a G & T cooperative. If a local government chooses to participate, permissive local expenditures are conservatively estimated to exceed \$1,000,000 for infrastructure construction.
- Utilities must recover their costs through rates charged to customers. Any increase in expenditures will require additional revenue from customers.
- Similar properties under the Rural Electrical and Community Services Cooperative Act do not currently receive the authorized exemption from ad valorem property taxes. According to the Comptroller's Division of Property Assessments, this provision violates Article 2, Section 28 of the Tennessee Constitution. The Comptroller does not intend to exempt new plants and facilities from ad valorem property taxes.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/kmc